

Run Case with Each Parent Claiming Child Dep Exemp to Show Who Saves More Taxes

TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

Last Name: Jones	2011	
	<u>James</u>	<u>Mary</u>
1 No. Child Dependency Exemptions Age 17 & Over	0	0
2 No. Child Dependency Exemptions Under Age 17	2	2
3 Taxes Saved by Claiming Children		
Federal Tax	\$2,072	\$1,110
State Tax	163	739
4 Federal + State Tax Savings Dependency Exemption	\$2,235	\$1,849
5 Tax Savings Under Age 17 Child Tax Credit	50	2,000
6 Total Tax Savings from Both	\$2,285	\$3,849

DETAILED FEDERAL COMPUTATION

7 Maximum Allowed Personal Exemption Amount	\$3,700	\$3,700
8 Maximum Allowed for No. of Children	7,400	7,400
9 Filing Status	Single	Hd Hsld
10 Threshold Amount for High Income Phaseout	\$169,550	\$211,950
11 Federal Adjusted Gross Income	\$113,064	\$45,800
12 Excess over Threshold	0	0
13 % Reduction = (2% for each \$2,500 of line 12 - \$1,250 for Mar, Sep) - for 2011 the reduction is reinstated	0.00%	0.00%
14 High Income Phaseout Reduction (line 8 * line 13) (reflects no reduction for high income in 2011))	0	0
15 Max Reduction in Federal Taxable Income from Child Dependency Exemption Including High Income Phaseout Amount (line 8 less line 14)	7,400	7,400

FEDERAL TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

16 Taxable Income Before Child Dependency Exemption (Excl Dividends & Capital Gains)	\$97,863	\$28,605
17 Marginal Tax Rate for this Income Level	28.0%	15.0%
18 Next Lower Tax Bracket Amount	83,600	12,150
19 Tax Rate for Lower Bracket (if needed)	25.0%	10.0%
20 Federal Tax Savings from Child Dependency Exemption (Line 15 allocated between tax brackets using actual rates - low income also reflects use of child care & education credits)	\$2,072	\$1,110

STATE INCOME TAX SAVINGS FROM CHILD DEP EXEMPTION

(If itemized deductions are used in federal tax calc, state tax savings shown have been reduced by marginal federal tax %)

\$163	\$739
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